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GENERAL

1. McCloy's views on German unity and all-Berlin elections --US High Commissioner McCloy in Frankfurt believes that the projected Western call for all-Berlin elections does not minimize the necessity of following up the proposal recently made by the Federal Republic for all-German elections. McCloy feels that the two proposals are "quite separate" parts of the present Western propaganda and political campaign designed to regain the initiative in Germany, disrupt the Soviet zone election plans, and enlist the psychological support of the Germans. McCloy expresses the opinion that the Western Powers cannot afford to remain silent on the German unification problem until a statement can be issued by the US, UK, and French Foreign Ministers at their forthcoming meeting, and suggests that the High Commission should now propose to negotiate with the USSR a law governing elections to a constituent assembly for all of Germany. McCloy adds that a statement later by the Foreign Ministers on German unity may be more effective if made following a Soviet refusal to negotiate or impossible Soviet counterproposals.

FAR EAST

2. INDOCHINA: Estimate of Indochinese situation -- US Charge d'Affaires Gullion in Saigon, in reviewing prospects for further liberalization of the French attitude toward Indochina, expresses the opinion that it is "highly unlikely" the French will make a definite statement of their "evolutionary" intentions regarding Indochinese independence, largely because of the local conditions in Indochina and the continuing Vietnamese governmental crisis. In support of this opinion, Gullion points to the growing trend among the Vietnamese, in their exhibaration

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over new freedoms, to revise in their minds the 8 March Accords and to sidestep the necessity for coordinated action with the other Indochinese states and the French. The Charge comments that, in view of this Vietnam attitude, the prospect of additional concessions from the French would merely further distract the Vietnamese from the problem of successfully assuming their present responsibilities. Gullion believes, however, that the French can still make substantial concessions to Vietnam, within the framework of the 8 March Accord. by: (a) permitting the Vietnamese a greater voice in the distribution of US aid; (b) expediting the transfer of powers; (c) accelerating the creation of military sectors under Vietnam control; and (d) giving the Vietnamese a share in the control of communications, civil aviation, customs, and exchange.

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